

Senate Study Bill 1288

SENATE FILE _____
BY (PROPOSED COMMITTEE ON WAYS AND
MEANS BILL BY CO=CHAIRPERSONS
BOLKCOM AND ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to motor vehicle fuel taxes, by exempting small
2 biofuel producers and providing a future repeal.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2392SC 81
5 da/sh/8

PAG LIN

1 Section 1. Section 452A.2, Code 2005, is amended by adding
2 the following new subsection:
3 NEW SUBSECTION. 24A. a. "Small biofuel producer" means a
4 natural person who produces a biofuel for use in powering
5 diesel engines, if all of the following apply:
6 (1) The biofuel is used for the person's own use or the
7 use of other natural persons who reside in the person's
8 household.
9 (2) The person does not produce more than three hundred
10 gallons of biofuel during any year.
11 b. This subsection is repealed on July 1, 2010.
12 Sec. 2. Section 452A.3, Code 2005, is amended by adding
13 the following new subsection:
14 NEW SUBSECTION. 1B. An excise tax shall not be imposed on
15 a biofuel produced by a small biofuel producer. This
16 subsection is repealed July 1, 2010.
17 Sec. 3. Section 452A.6, Code 2005, is amended to read as
18 follows:
19 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS ==
20 BLENDER'S LICENSE.
21 1. A person other than a supplier, restrictive supplier,
22 or importer licensed under this division, who blends gasoline
23 with alcohol distilled from cereal grains so that the blend
24 contains at least ten percent alcohol distilled from cereal
25 grains, shall obtain a blender's license.
26 2. a. A person who blends two or more special fuel
27 products or sells one hundred percent biofuel shall obtain a
28 blender's license. ~~The~~
29 b. Notwithstanding paragraph "a", a small biofuel producer
30 is not required to obtain a blender's license under this
31 section. This paragraph is repealed on July 1, 2010.
32 3. A blender's license required in this section shall be
33 obtained by following complying with the procedure under
34 section 452A.4 and the. The blender's license is subject to
35 the same restrictions as contained in that section. A blender
36 shall maintain records as required by section 452A.10 as to
37 motor fuel, alcohol, ethanol blended gasoline, and special
38 fuels.

EXPLANATION

2 Current Code chapter 452A provides for imposition of excise
3 taxes on motor vehicle fuel, including gasoline and diesel
4 fuel, as well as an excise tax on so-called special motor
5 vehicle fuel, including a biofuel which is an oxygenated
6 product derived from soybean oil, vegetable oil, or animal
7 fats. The oil is often blended with diesel fuel to create
8 biodiesel. A person who manufactures biofuel for use in motor
9 vehicles, including as use in a blend, must obtain a blender's
10 license. The fuel is also taxed as a special fuel. The rate
11 of the excise tax on the use of special fuel is 22.5 cents per
12 gallon.
13 This bill exempts a small biofuel producer from the
14 licensing requirements of Code chapter 452A. It also exempts
15 a small producer from paying an excise tax on biofuel produced

2 19 by the small biofuel producer. A small biofuel producer must
2 20 meet a number of qualifications. The producer must be a
2 21 natural person and must use the biofuel in powering diesel
2 22 engines. The biofuel must be used for the person's own use or
2 23 the use of other natural persons who reside in the household.
2 24 In addition, the producer cannot produce more than 300 gallons
2 25 of biofuel during any year. The exemptions are eliminated on
2 26 July 1, 2010.
2 27 LSB 2392SC 81
2 28 da:rj/sh/8